

MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



United States

- The final estimate in **inflation-adjusted Gross Domestic Product** showed growth of 1.2% in the 1st quarter of 2001, up from 1% growth during the 4th quarter of 2000. The growth rate reflected strength in consumer and government spending as well as decreased imports which more than offset slower investment and declining exports. Inventory investment was particularly weak, with inflation-adjusted private inventories falling by \$19.2 billion, the largest one quarter decline since the second quarter of 1991.
- After falling three months in a row, **motor vehicle sales** rose slightly in May from the April level, but were 3.5% below the level a year ago. Sales of imported automobiles were 2.0% above the year-ago level, compared to a 6.7% decline in sales of domestic automobiles. Sales of imported light trucks were 13.4% above the year-ago level, compared to a 2.5% decline in sales of domestic light trucks. Sales of heavy trucks were 22.0% below the May 2000 level.
- Both **industrial production** and **capacity utilization** fell in May. Industrial production was 2.8% below the level a year ago, while capacity utilization was 6.4% lower. The decline in industrial production was the eighth consecutive monthly decline, while the decline in capacity utilization was the ninth consecutive monthly decline. The May capacity utilization level of 77.4% is the lowest level since August 1983.
- The **unemployment rate** fell slightly in May, to 4.4%, compared to 4.5% in April, but was still above the year-ago level of 4.1%. However, the unemployment rate fell because the number of workers in the labor force fell faster than did the number of employed workers. Employment fell by 251,000 workers, from 135.3 million to 135.1 million, while the number of people in the labor force declined by 485,000 people.



Michigan

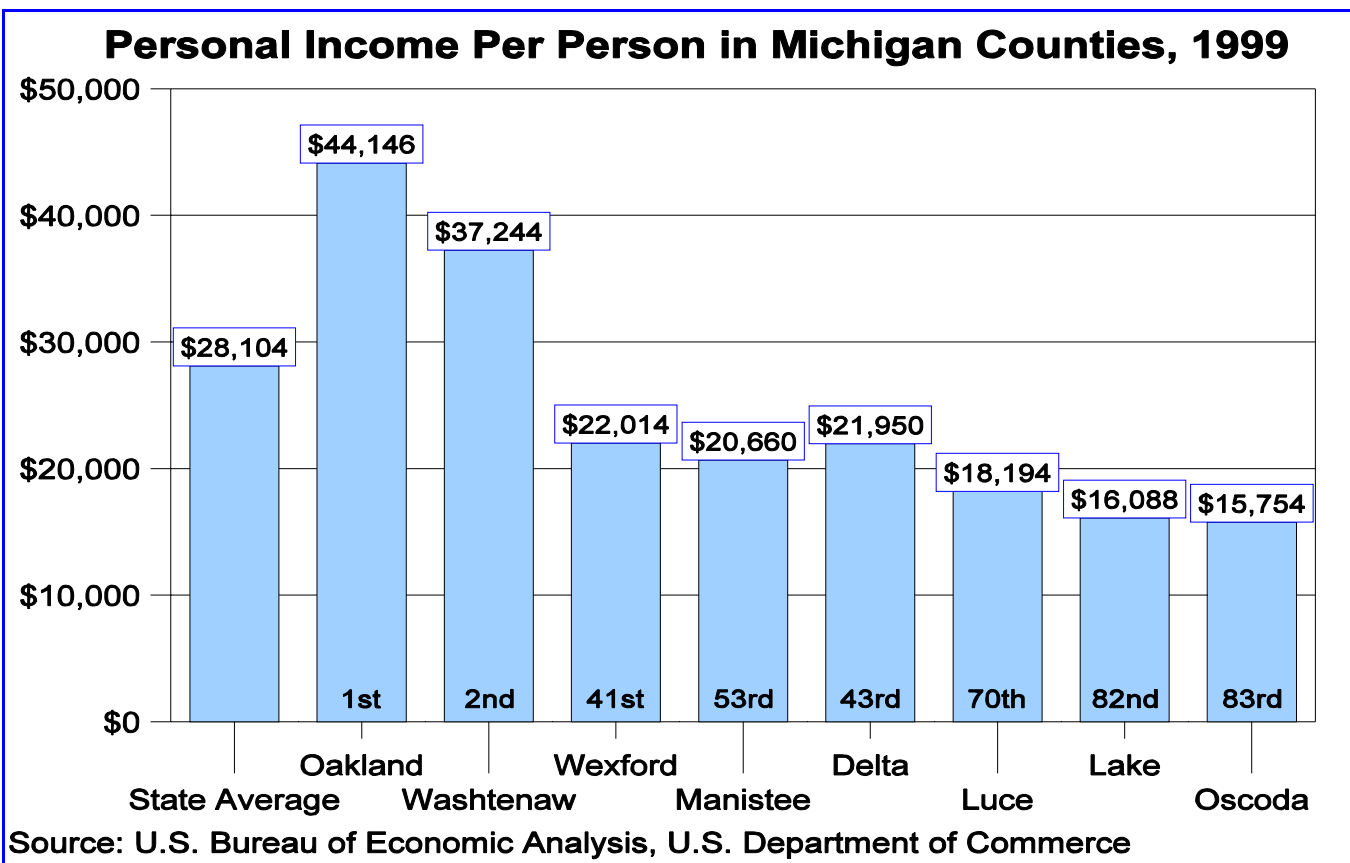
- **Michigan's unemployment rate** rose from 4.6% in April to 5.0% in May, which was substantially above the 3.5% rate reported in May 2000. As with the national unemployment figures, both the size of the Michigan labor force and the number of people employed decreased. However, the labor force declined by less than the decline in employment, causing the unemployment rate to increase. Every major sector except government showed employment declines between April and May, although government employment was unchanged from the level one year ago.
- Despite lower employment, **average weekly earnings** and **average weekly hours** in May were both above year-ago levels in most non-manufacturing sectors. Food stores again exhibited the strongest growth in average weekly earnings, rising 14.7% compared to the level a year ago. Average weekly earnings in manufacturing were 3.1% below last year's level.
- **Michigan motor vehicle production** in May was below the level in May 2000. On a seasonally adjusted basis, light truck production was down 23.5% from a year ago, while automobile production was 5.8% lower. However, on a seasonally adjusted basis, although Michigan motor vehicle production in May was down 13.0% from last year's level, it was the highest level since August 2000 and up 12.1% from April.



Prepared by:
David Zin
Economist

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	May 2001	Apr. 2000	Mar. 2000	Change From April		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	141,272	141,757	140,573	(485)	(0.3)%	699	0.5%
Employment	135,103	135,354	134,843	(251)	(0.2)	260	0.2
Unemployment	6,169	6,402	5,730	(233)	(3.6)	439	7.7
Unemployment Rate	4.4%	4.5%	4.1%	---	---	---	---
Michigan	May 2001	Apr. 2001	May 2000	Change From April		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,235	5,243	5,195	(8)	(0.2)%	40	0.8%
Employment	4,974	5,000	5,014	(26)	(0.5)	(40)	(0.8)
Unemployment	261	243	181	18	7.5	80	44.2
Unemployment Rate	5.0%	4.6%	3.5%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	May 2001*	Apr. 2001	Mar. 2000	Change from Feb.		Change from Yr Ago	
				Number	Percent	Number	Percent
Wage and Salary Employment	4,672	4,693	4,684	(21)	(0)%	(12)	(0)%
Goods Producing Industries	1,168	1,176	1,202	(8)	(1)	(33)	(3)
Mining	8	8	8	(0)	(1)	0	4
Construction	215	216	211	(1)	(1)	4	2
Manufacturing	945	952	983	(7)	(1)	(38)	(4)
Durable Goods	717	723	751	(6)	(1)	(34)	(5)
Motor Vehicles & Equipment	264	266	288	(3)	(1)	(24)	(8)
Nondurable Goods	228	229	232	(1)	(0)	(3)	(1)
Service Producing Industries	3,504	3,517	3,483	(13)	(0)	22	1
Trans., Comm. & Utilities	181	181	181	(0)	(0)	(0)	(0)
Wholesale Trade	242	245	239	(3)	(1)	4	2
Retail Trade	851	857	852	(5)	(1)	(1)	(0)
Finance, Insurance & Real Estate	208	208	205	(1)	(0)	2	1
Services	1,327	1,332	1,313	(5)	(0)	14	1
Government	695	694	693	1	0	2	0

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	May 2001	Year Ago	Percent Change	May 2001	Year Ago	Percent Change
Mining	46.8	45.8	2.2%	\$788.11	\$741.50	6.3%
Construction	39.6	38.9	1.8	875.95	815.34	7.4
Manufacturing	41.7	44.4	(6.1)	813.98	840.05	(3.1)
Durable Goods	42.0	45.1	(6.9)	871.92	906.51	(3.8)
Motor Vehicles & Equipment	43.4	47.2	(8.1)	1,145.33	1,204.54	(4.9)
Nondurable Goods	40.8	42.1	(3.1)	626.28	618.45	1.3
Wholesale Trade	38.6	40.2	(4.0)	653.11	673.35	(3.0)
Selected Retail Trade:						
General Merchandise Stores	27.7	27.5	0.7	285.31	260.98	9.3
Department Stores	27.2	27.1	0.4	277.98	259.89	7.0
Food Stores	26.7	24.9	7.2	246.17	214.64	14.7
Auto Dealers & Service Stations	34.1	34.2	(0.3)	430.00	422.71	1.7
Selected Services:						
Depository Institutions	35.1	34.8	0.9	407.86	382.45	6.6
Business Services	33.7	34.3	(1.7)	530.44	502.15	5.6
Health Services	31.4	32.0	(1.9)	503.34	517.12	(2.7)
Engineering & Management	38.4	37.7	1.9	758.40	700.47	8.3

Source: U.S. Department of Labor, Bureau of Labor Statistics

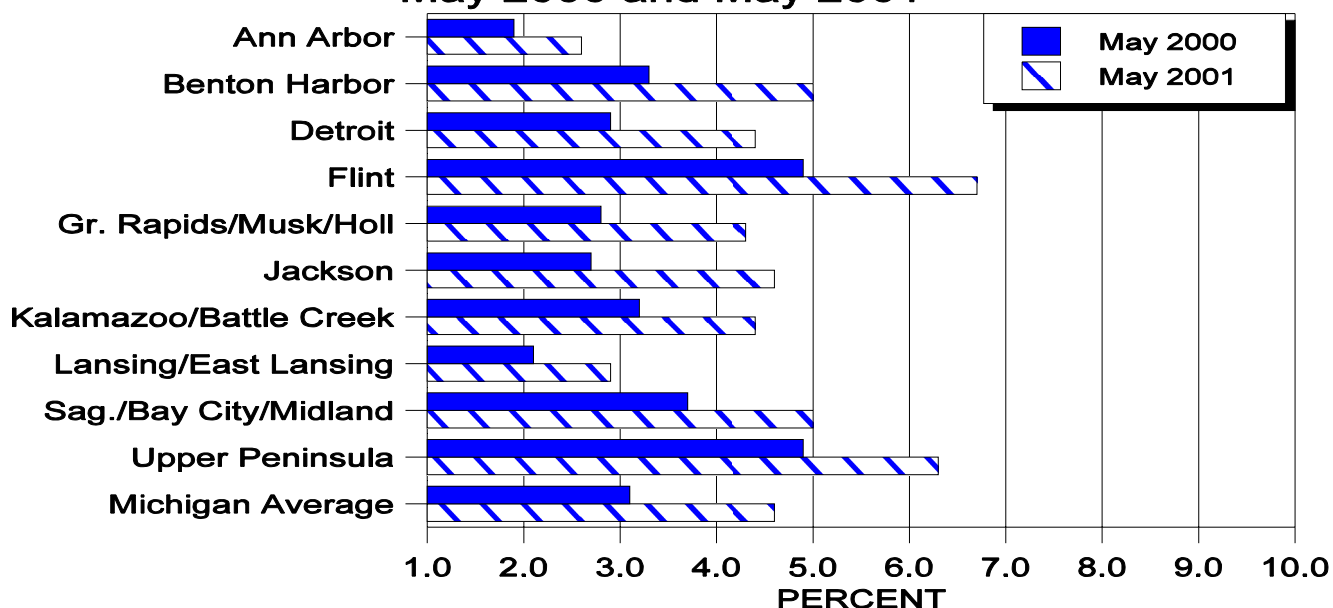
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	May 2001*	Apr. 2001	Mar. 2001	May 2000
Metropolitan Statistical Areas				
Ann Arbor	2.6%	2.3%	2.8%	1.9%
Benton Harbor	5.0	4.6	5.4	3.3
Detroit	4.4	4.1	4.6	2.9
Flint	6.7	6.4	7.1	4.9
Grand Rapids	4.3	3.8	4.5	2.8
Jackson	4.6	4.5	4.9	2.7
Kalamazoo-Battle Creek	4.4	4.0	4.7	3.2
Lansing-East Lansing	2.9	3.0	3.4	2.1
Saginaw-Bay City-Midland	5.0	4.7	6.0	3.7
Multi-County Areas				
Alcona-Iosco	9.7	11.0	12.9	5.4
Grand Traverse-Leelanau	4.9	5.6	7.0	3.3
Houghton-Keweenaw	6.3	7.6	7.8	4.4
Missaukee-Wexford	8.2	9.4	11.0	5.3
Upper Peninsula	6.3	7.6	8.5	4.9
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	4.6%	4.4%	5.2%	3.1%

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
May 2000 and May 2001**



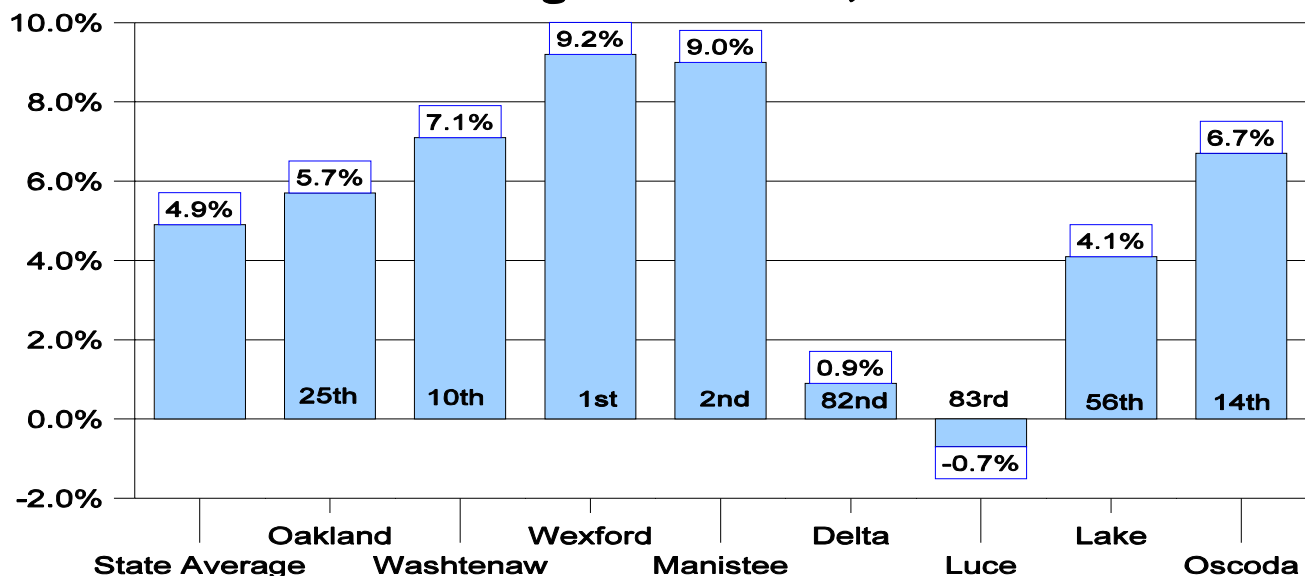
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	May 2001	Apr. 2001	Mar. 2001	Feb. 2001	Year Ago April	<u>Percent Change From:</u>	
						May/April	May 2001/ May 2000
Motor Vehicle Sales^{1,2)}							
Autos	8,399	8,543	8,377	9,004	8,814	(1.7)%	(4.7)%
Domestics	6,360	6,370	6,425	7,002	6,815	(0.2)	(6.7)
Imports	2,039	2,173	1,952	2,002	1,999	(6.2)	2.0
Import Share	24.3%	25.4%	23.3%	22.2%	22.7%	---	---
Light Trucks	8,115	7,977	8,598	8,370	8,189	1.7	(0.9)
Domestics	7,168	7,038	7,655	7,460	7,354	1.8	(2.5)
Imports	947	939	943	910	835	0.9	13.4
Import Share	11.7%	11.8%	11.0%	10.9%	10.2%	---	---
Heavy Trucks	472	417	476	477	605	13.2	(22.0)
Total	16,986	16,937	17,451	17,851	17,608	0.3	(3.5)
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,107	5,010	4,991	4,772	5,537	1.9	(7.8)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,852	1,502	1,740	1,644	1,966	23.3	(5.8)
Trucks	1,037	1,074	965	869	1,355	(3.5)	(23.5)
Total	2,889	2,576	2,705	2,513	3,322	12.1	(13.0)
Michigan Production as % of U.S.	22.7%	22.2%	23.6%	26.1%	24.9%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,597	1,693	1,762	1,740	1,720	(5.7)	(7.2)
Days Supply	50	60	59	58	53	(16.7)	(5.7)
Total Truck	1,992	1,992	2,190	1,984	2,044	(0.0)	(2.6)
Days Supply	67	77	75	75	68	(13.0)	(1.5)

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Growth in Personal Income Per Person in Michigan Counties, 1999



Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce

OTHER KEY ECONOMIC INDICATORS

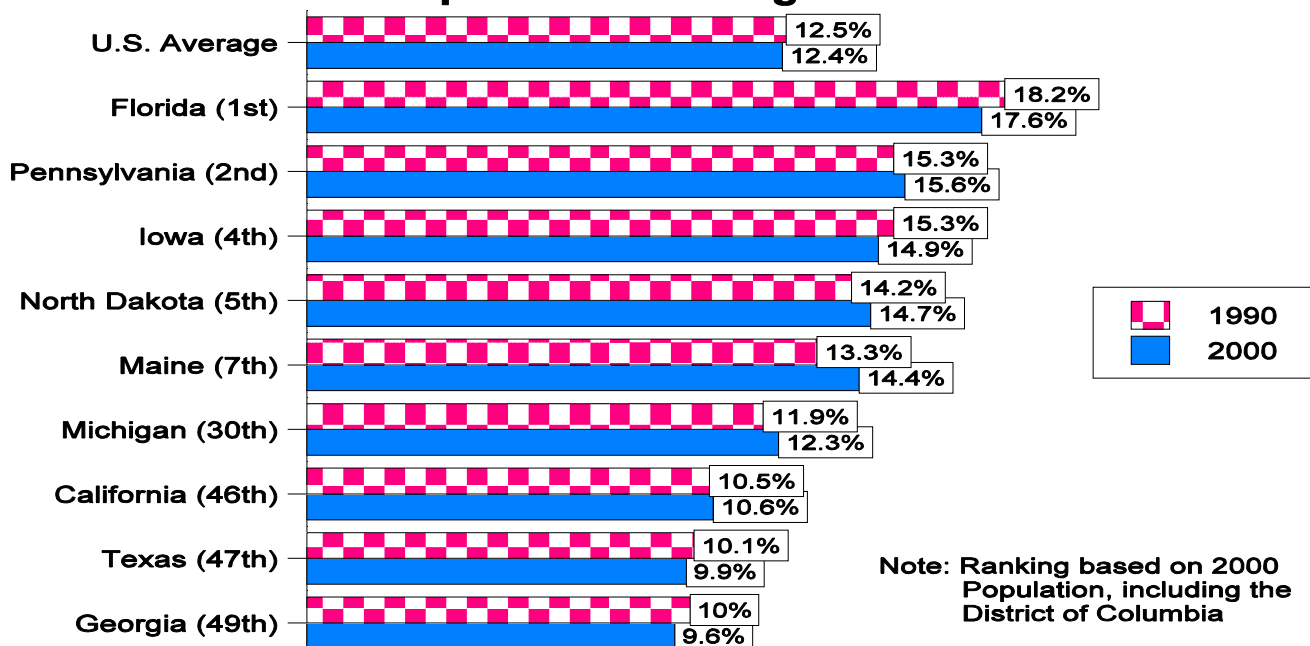
Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Composite Index of Leading Indicators¹⁾ (1992=100, seasonally adjusted)	May	109.3	108.8	110.2	0.5%	(0.8)%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	May	116.3	116.3	115.7	0.0	0.5
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	May	1,622	1,629	1,573	(0.4)	3.1
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	May	\$264.6	\$264.6	\$255.3	0.0	3.6
Industrial Production Index³⁾ (1992=100)	May	143.1	144.2	147.2	(0.8)	(2.8)
Capacity Utilization³⁾ (% of total capacity, seasonally adjusted)	May	77.4	78.2	82.7	(0.9)	(6.4)
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	May	177.7	176.9	171.5	0.5	3.6
Detroit	April	174.5	173.2	168.3	0.8	3.7
Interest Rates³⁾						
3-month Treasury Bill	May	3.67%	3.92%	5.92%	---	---
Corporate Aaa Bonds	May	7.29%	7.20%	7.99%	---	---
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2001 1st Qtr.	\$9,422.8	\$9,393.7	\$9,191.8	1.2	2.5
Michigan Tax Collections⁶⁾ (12 major taxes, millions)	May 2001	\$1,565.9	\$2,420.1	\$1,923.2	NM	(18.6)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Sources: 1) Conference Board. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Portion of Population Over Age 65: 1990 and 2000



Source: U.S. Bureau of the Census, U.S. Department of Commerce